

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 017615

10

ORIGIN XMB-07

INFO OCT-01 EUR-25 ISO-00 PM-07 NSC-10 SPC-03 SS-20 RSC-01

EB-11 COME-00 TRSE-00 CIAE-00 INR-10 NSAE-00 FEA-02

/097 R

DRAFTED BY XMB:SAUER:BAS
APPROVED BY EUR - MR. STABLER
EUR/IB - MR. SMITH
EUR/IB - MR. RABENOLD
S/S - O: K. KURZE
S: L.S.EAGLEBURGER

----- 096546

R 260343Z JAN 74
FM SECSTATE WASHDC
TO AMEMBASSY LISBON

LIMITED OFFICIAL USE STATE 017615

E.O. 11652: N/A
TAGS: EFIN, PO
SUBJ: PETROSUL
REF: LISBON 295
FOR AMBASSADOR SCOTT FROM EXIMBANK SAUER
1. WE APPRECIATE YOUR THOUGHTFUL MESSAGES. HOURS BEFORE
WE RECEIVED YOUR 295 WE INFORMED THE PORTUGUESE AMBASSADOR
HERE IN WASHINGTON THAT AT THE REQUEST OF SECRETARY OF
STATE KISSINGER FOLLOWING HIS CONVERSATION WITH THE
FOREIGN MINISTER, WE HAD BEEN RECONSIDERING OUR POSITION
WITH RESPECT TO FINANCING THE REFINERY. WE TOLD THE
AMBASSADOR THAT WE HAD NOT RECEIVED INFORMATION WHICH WE
HAD REQUESTED OF DR. SIMOES DE ALMEIDA ON OCTOBER 17, WITH
RESPECT TO THE AVAILABILITY OF CRUDE OIL AND HIS LATEST
FINANCIAL PROJECTIONS. WE MADE IT CLEAR TO THE AMBASSADOR
THAT, EVEN THOUGH WE HAD NOT RECEIVED THE INFORMATION FROM
ALMEIDA, WE WERE DISPOSED TO WAIVE ANY GUARANTEE REQUIRE-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 017615

MENT THAT WE HAD PREVIOUSLY INDICATED MIGHT BE NECESSARY

AND EXTEND THE CREDIT ON THE SAME BASIS AS THE FRENCH WERE DOING. WE WENT THIS FAR, DESPITE THE FACT THAT WE, TOO, HAVE BEEN UNABLE AS YET TO OBTAIN FROM THE FRENCH ANY SATISFACTORY ANSWER AS TO WHAT THEIR ARRANGEMENTS ARE.

2. NONETHELESS, IN ORDER TO MEET THE SITUATION AS IT NOW EXISTS, WE ARE PREPARED TO EXTEND THE CREDIT SOLELY ON THE OBLIGATION OF PETROSUL AND WITHOUT MAKING FURTHER DEMANDS ON ALMEIDA FOR EVIDENCE OF HIS SOURCE OF CRUDE OIL AND ANY

THOUGHT OF ASKING FOR INCREASED EQUITY IN THE PROJECT. WE WOULD, OF COURSE, CONDITION OUR FINANCING ON A SIMILAR CONDITION TO WHAT THE FRENCH APPARENTLY HAVE IMPOSED, NAMELY, THAT NO OTHER LENDER OBTAINS MORE FAVORABLE SECURITY THAN WAS BEING OFFERED TO US. YOU ARE FREE TO PASS THIS INFORMATION ON TO THE PORTUGUESE GOVERNMENT AND SIMOES DE ALMEIDA AS YOU SEE FIT ONCE YOU HAVE DELIVERED MESSAGE FROM SECRETARY TO FONMIN BEING TRANSMITTED SEPTEL. YOU MAY ALSO ADVISE THEM THAT WE ARE PREPARED TO RECEIVE FROM PETROSUL A CREDIT APPLICATION FOR SPECIFIC US PURCHASES.

3. BEGIN FYI: FOR SOME REASON OR OTHER, WE AT THE BANK HAVE THE FEELING THAT ALMEIDA HAS BEEN PLAYING A GAME WITH US AND THE POTENTIAL AMERICAN SUPPLIERS OF THE REFINERY EQUIPMENT. RIGHTLY OR WRONGLY, WE BELIEVE THAT WE MADE IT ABUNDANTLY CLEAR TO ALMEIDA IN OUR CONVERSATIONS LAST FALL WHEN HE VISITED US HERE AT THE BANK AND IN OUR LETTER OF OCTOBER 17 THAT WE WERE NOT INSISTING ON A GOVERNMENT GUARANTEE AND THAT WE WERE DOING NO MORE THAN ASKING FOR REASONABLE INFORMATION ON HIS FINANCIAL SETUP AND HIS CRUDE AVAILABILITY. ALTHOUGH HE PROMISED US THIS INFORMATION AS RECENTLY AS DECEMBER 28 LAST WHEN HE REQUESTED AN EXTENSION OF OUR PRELIMINARY COMMITMENT, HIS FAILURE TO RESPOND DIRECTLY TO EXIMBANK PUZZLES US. AS TO THE US SUPPLIERS, FLUOR TELLS US IT HAS DROPPED OUT BECAUSE OF ITS DISSATISFACTION WITH PETROSUL'S PROPOSED PAYMENT ARRANGEMENTS TO IT. WE ALSO UNDERSTAND AT LEAST TWO OTHER AMERICAN COMPANIES HAVE DROPPED OUT FOR SIMILAR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 017615

REASONS. MEANWHILE, PETROSUL PLACED THE LARGE ORDER WITH THE FRENCH AND WE QUESTION WHAT MAY BE LEFT FOR THE AMERICAN COMPANIES STILL INTERESTED. WE HOPE THAT WE ARE WRONG IN OUR FEELING ABOUT ALL THIS AND THAT OUR FORTHRIGHT POSITION AT THIS TIME WILL PRODUCE THE DESIRED RESULTS. END FYI. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, BANK LOANS, REFINERIES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE017615
Document Source: CORE
Document Unique ID: 00
Drafter: SAUER:BAS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740113/aaaaalzt.tel
Line Count: 113
Locator: TEXT ON-LINE
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LISBON 295
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAY 2002 by elyme>; APPROVED <29 MAY 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROSUL
TAGS: EFIN, PO, XMB
To: LISBON
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005